

COUNTY OF LOS ANGELES

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DEPARTMENT OF MENTAL HEALTH


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Reply To: (213) 738-4601  
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September 22, 2008

TO: Each Supervisor

FROM: Marvin J. Southard, D.S.W.  
Director of Mental Health 

SUBJECT: **FINAL REPORT  
FISCAL YEAR (FY) 2007-08 BUDGET MITIGATION PLAN**

This memorandum provides the final closing report on the Department's efforts to reduce the projected deficit in the FY 2007-08 Budget.

The Department closed FY 2007-08 with a surplus of \$17.5 million, an increase of \$12.2 million since the last report dated July 16, 2008.

The change in the financial position, as detailed more in the Attachment, largely results from the collection of \$15.3 million from settlement activities with contract providers and the State related to prior fiscal years. Further, the final closing amount for Vehicle License Fees (VLF) provided by the Chief Executive Office (CEO) for FY 2006-07 and FY 2007-08 increased the VLF projection by \$2.3 million from the previous report.

These amounts, totaling \$17.6 million, were offset in part by:

- A net adjustment of approximately \$3.9 million to current year expenditures and revenues based on final actual expenditures and revenues. The largest adjustments included:
  - Increased savings of \$1.1 million for State Hospital and Interim Funding for Board and Care services;
  - Reduced savings of \$0.7 million in the medication budget from implementation of the mandatory Medicare Part D enrollment and allocation of medication costs to the Mental Health Services Act;
  - Reduced savings of \$0.7 million due to delayed completion of the Integrated System/Mental Health Management Information System (IS/MHMIS) Legacy Conversion; and

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- Reduced federal revenue of \$3.7 million for Short-Doyle/Medi-Cal Administrative revenue based on the actual Medi-Cal claim.
- A shortfall of an additional \$1.5 million in the closing amount for the Sales Tax Realignment base allocation from the previous report.

The Department is requesting to utilize a portion of this surplus (\$11.1 million) as one-time bridge funding to balance the Department's FY 2008-09 Supplemental Resolution budget. The Department is working on strategic measures to satisfy this funding need on an ongoing basis, including additional transformation to recovery based services and additional cost-saving measures.

If you have any questions regarding this report, please contact me at (213) 738-4601, or your staff may contact Robin Kay, Ph.D., Acting Chief Deputy Director, at (213) 738-4108.

MJS:RK:KW:kn

Attachment

c: William T Fujioka, Chief Executive Officer  
Sheila Shima, Deputy CEO

DEPARTMENT OF MENTAL HEALTH  
 PLAN TO IMPLEMENT BUDGET MITIGATIONS FOR FISCAL YEAR 2007-08

UPDATE FOR FISCAL YEAR-END CLOSING 2007-08

	CEO Recommendation as of 2/28/08		
	<u>Total</u>	<u>DMH Absorb</u>	<u>(Bridge)/Savings</u>
Shortfall of Contractor Mitigation for FY 2007-08	\$ (10,300,000)	\$ (2,600,000)	\$ (7,700,000)
<b>Total Year-End Estimate as of June 30, 2008</b>	<b>\$ 5,297,000</b>	<b>\$ -</b>	<b>\$ 5,297,000</b>
<u>Revisions for Year-End Closing</u>			
Net Budget Status Report, actuals per closing	\$ (3,892,000)		\$ (3,892,000)
Net Vehicle License Fee Adjustment	2,321,000		2,321,000
Net Sales Tax Adjustment	(1,532,000)		(1,532,000)
Collection from Short-Doyle Medi-Cal Settlement	15,270,000		15,270,000
<b>Subtotal Year-End Closing Revisions</b>	<b>\$ 12,167,000</b>	<b>\$ -</b>	<b>\$ 12,167,000</b>
<b>Total Year-End Closing FY 2007-08</b>	<b>\$ 17,464,000</b>	<b>\$ -</b>	<b>\$ 17,464,000</b>